

House Republican Press Release

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Press Office: 860-240-8700

Copy of Letter Received by Rep. DelGobbo from FERC



(Scan of letter below)

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

July 28, 2005

The Honorable Kevin M. Delgobbo
Connecticut House of Representatives
State Capitol
Hartford, Connecticut 06106-1591

Re: ISO New England LICAP Proposal, Docket No. ER03-563-030

Dear Representative Delgobbo:

Thank you for your July 7, 2005 letter regarding the proposed establishment of a locational installed capacity (LICAP) market in New England.

On June 15, 2005, an initial decision based on LICAP matters was issued by the presiding administrative law judge after an evidentiary hearing. This case is now pending before the Commission. Briefs on exceptions to the initial decision were due July 15, 2005, and briefs opposing exceptions are due August 4, 2005. Therefore, I cannot discuss the case in specific detail. I note that your state, through the Attorney General of Connecticut, the Connecticut Department of Public Utility Control, the Connecticut Office of Consumer Counsel, and the New England Conference of Public Utilities Commissioners (NECPUC), is an active participant in the LICAP proceeding. I assure you that, before making a final decision, the Commission will evaluate the complete record, pay close attention to the positions of all of the parties in this case, and address parties' arguments that the Commission should consider workable alternatives. The Commission's goal is to ensure a reliable supply of electricity in New England at just and reasonable rates.

My colleagues and I at the Commission fully appreciate the importance of establishing efficient market-oriented solutions to the challenges of providing reliable, affordable electric power supplies throughout New England. Without prejudging the issues in the pending proceeding, I would like to make some general observations. Although there is sufficient capacity in New England as a whole, there is a serious problem of insufficient capacity and transmission infrastructure in specifically defined New England load and supply pockets. Current pricing policy does not support new investment in these areas, however, and as demand continues to grow, reliability may be threatened. I do not want to see New England go through the experience of California and the West in 2000-2001.

During the past two years, New England has made progress to improve the transmission infrastructure. Timely completion of these transmission projects, along with the removal of Reliability Must Run (RMR) contracts in the constrained regions, will have a dramatic effect on reducing any cost impacts within the constrained regions that may result in the near-term with LICAP.

You mention the letter I recently received from the New England Congressional delegation that contains numerous inquiries regarding LICAP and resource adequacy in New England as well as in neighboring markets. My staff is preparing a response to these questions.

Your letter and this reply will be placed in the public file in the above-captioned docket, which serves to alert the Commission to the concerns of interested individuals and groups. If I can be of further assistance to you, please do not hesitate to contact me.

Sincerely,